THE ROLE OF PROJECT SPONSORS IN DEFINING AND REALISING PROJECT BENEFITS

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Sponsors are charged with championing projects in organisations to create value in line with organisational strategy. Analysis of project benefits management enables the business to understand opportunities for improvement and provide a theoretical understanding of the issues faced when large public sector organisations implement the sponsor role. The study examines how the sponsor defines project benefits, aligns them with organisational strategy and ensures they are delivered. The paper presents the results of a Case study involving a major public sector organisation in the United Kingdom with qualitative data collection through interviews with 14 sponsors across the business. The results show that, the sponsor's role is to define, manage and deliver project benefits in line with an organisations strategy. It also confirms that sponsors must be empowered and held to account in order to create meaningful value for an organisation. No business can survive without creating value for customers, and therefore project sponsorship is an essential function of organisations. Even though the research is based on one case study organisation, the result is applicable to other large client organisations, government departments and local authorities in attempt to improve their sponsorship functions.

Keywords: project sponsor, benefits management, organisational strategy

INTRODUCTION

Organisations define strategies that chart how they compete for business and deliver value for customers, using their business model to facilitate this (DaSilva and Trkman, 2014). The strategy development process of an organisation can take a prescriptive or emergent approach, and this will affect the way in which the organisation is able to respond to challenges and opportunities that it faces (Lynch, 2006). The chosen strategy that an organisation follows must align with the market that it is competing in, and whether it wants to lead in product innovation or cost (Porter, 1980). Depending on this decision an organisation will complete projects, which are unique endeavours undertaken in order to create value, in line with their strategy. Research has identified that there are a wide range of change activities and projects needed by organisations, each requiring a unique approach to delivery (Morris and Pinto, 2004). Organisations need to ensure that completed projects deliver benefits aligning to the strategy. Benefits management processes have been proposed in order to align project and strategic objectives; the aim of these processes is to ensure that value is created effectively (Melton, *et al.,* 2011). If value is not created effectively shareholders may dismiss and replace a firm's board, or a firm may be subject to a hostile takeover.

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Privatisation is a possible outcome for public bodies that fail to create cost effective value for stakeholders. In each of these scenarios, projects are critical in ensuring organisational survival.

Organisations are not always successful at delivering their strategies; and Pellegrinelli and Bowman (1994) analysed this and identified a common reason: senior management define organisational strategy but leave junior staff to deliver change initiatives (projects) that align to the strategy (Pellegrinelli and Bowman, 1994). In order to ensure that projects deliver benefits that align with strategy some organisations have invested in project sponsorship. The role of the sponsor has been researched and defined by various authors, including Bryde (2008) who identified the role of the sponsor as; to act as the client's representative for the project (Bryde, 2008). The organisation has a sponsorship function to align investment with the core business strategy and ensure that an internal client role is present to champion every project.

LITERATURE REVIEW

Strategy is the direction that a firm chooses to follow in order to create value for customers and gain competitive advantage whilst doing so. Porter's (2001) second principle clearly links strategy to benefits that a firm deliver, a fundamental link that this research explores. However, the fifth principle is important to consider because it demonstrates how strategy links all parts of a firm together, and this is important to remember when considering the role of the sponsor (Porter, 2001). This principle is confirmed by other scholars and has been enhanced by DaSilva and Trkman (2014) who introduced the concept of dynamic capabilities as linking a firm's business model and strategy: defining all three key terms as different time scale perspectives for a firm (DaSilva and Trkman, 2014). Strategy development is often completed by firms and then used to define their business model. The strategy definition process is normally completed in a prescriptive or emergent manner, depending on the organisation involved (Lynch, 2006). However, the process can be completed in a manner that is a combination of the two spectrum extremes; Prescriptive strategy development and Emergent strategy development. Prescriptive strategy development is a classical method that firms employ, involving senior managers determining priorities and imposing a business model and capabilities on the firm in order to meet the defined goals (Lynch, 2006). Mintzberg (2003) considers prescriptive strategy development to be an inflexible and non-linear process that is not adaptive to changes in markets. Emergent strategy development has become more common and is defined as bottom up and people-led strategy definition within an organisation; often it involves staffs who are not senior managers and facilitates flexible changes in dynamic markets (Moore, 2006). It is sometimes defined as being without a-priori intentions (Burnes, 2004) and this can make it a challenge to incorporate in large organisations because of the long-time scales require to change course. Wherever the strategy development process of an organisation is on the spectrum between prescriptive and emergent; it often has to be delivered and realised through planned and prescriptive change initiatives called projects.

Defining the role of the Sponsor

Project management has often focused on delivering a project to the correct cost, quality and schedule (Winch, 2010); it does not focus on ensuring that the correct project is delivered by an organisation in order to deliver its strategy. This is where the role of the sponsor has been developed to ensure that an organisation completes the right projects. In the prescriptive model of change management, senior management develop and write organisational strategy (Lynch, 2006). This is implemented by client functions within the business, a role that can be considered equivalent and synonymous with that of a sponsor (Pellegrinelli and Bowman, 1994). Bryde (2008) reviewed several definitions from scholars and professional industry bodies and defines the role as the critical risk taker for a project "responsible for activities that span across the whole of the project lifecycle", (Bryde, 2008:801) including the framework of activities identified in Table 1.

Responsibilities of sponsors
1. Define the business benefits/requirements
2. Establishing a project strategy with priorities
3. Agree the project definition, including objectives
4. Define the project success criteria
5. On-going monitoring of the project's business environment and of benefit realisation
6. Taking delivery of a project at completion and, in extreme cases, taking the decision to cancel a project

Table 1: Responsibilities of project sponsors (adapted from Bryde, 2008:801).

Wright (1997) described the sponsor role using the term Project Champion and the term Owner has also been used (Winch and Leiringer, 2016). Therefore, reviews of the role and responsibilities of the sponsor must be cognisant of the plethora of terminology that relates to the role. The key role for the sponsor is to create projects that deliver changes to meet the business's strategy; however, the role is then to allow others to manage and deliver the projects effectively, whilst maintaining an oversight role (Sense, 2013). The sponsor must take ownership of the project after the delivery is complete to measure the effectiveness of the scheme at meeting the defined objectives. However, a challenge for the role of sponsor is the principal agent problem. Communication is fundamental to the role; however, hidden action and asymmetry of information could easily occur between senior management and the sponsor, or between the sponsor and stakeholders and project management professionals (Turner and Müller, 2004). Some organisations have tried to address these challenges by using lesson learnt systems, technology and frequent reporting, but these have disadvantages including cost, administration effort and reliability.

The importance of having a project sponsor has been recognised by the private sector as well. Analysis by KPMG (2017:18) identified it as the "difference between success and failure" of a project. This report identified key roles for the sponsor and these are in line with those that other academics have suggested, whilst adding a stakeholder management role as: "leading the project selection process, defining requirements and benefits that encompass the vision in measurable deliverables, linking projects to organisational strategy, liaising with stakeholders and advocating the project" (KPMG, 2017:20).

Project success factors

The success of a project can be measured in different ways: success criteria are metrics that an organisation defines to judge whether an initiative or the organisation itself has been successful in meeting its goals. It can be financial, rates or performances related but are fixed with a boundary to pass in order to demonstrate success and are commonly linked for projects to the iron triangle of cost, time and quality (Cooke-Davies, 2002; Winch, 2010). Success factors are similar; the presence of them indicates that an initiative is likely to succeed in meeting an organisation's objectives. The project sponsor/owner has specific tasks in projects and Winch and Leiringer (2016) develop a framework of owner project capabilities as presented in Table 2.

Sponsor/Owner Project Capabilities		
Strategic capabilities	Commercial capabilities	Governance capabilities
Project selection	Packaging	Assurance
Project mission definition	Contracting	Project coordination
Capital raising	Relational	Asset integration
Stakeholder managing		
Project portfolio managing		

Table 2: Owner project capability Framework (adapted from Winch and Leiringer, 2016:273)

Project benefit realisation

Benefits are the incremental improvements that firms create to add value (Zwikael and Smyrk, 2011); in private business this is shareholder value, whereas in the public sector it is often social benefit. Benefits can be tangible or intangible and are broadly defined in the project sector as "a measurable advantage owned by a group of stakeholders incurred by changing the current state through project management mechanisms" (Badewi, 2016:763). Benefits are used by organisations to fill the gap in value between what is present today and what is required to deliver the strategy (Kaplan and Norton, 2008). The importance of benefits in relation to projects is clear and the management of benefits is therefore crucial to the success of projects. Benefits management is defined as "initiating, planning, organising, executing, controlling, transitioning and supporting of change in the organisation and its consequences as incurred by project management mechanisms to realise predefined project benefits" (Badewi, 2016:763). Analysis of the effectiveness of an organisation's benefits management processes can be completed by comparing it to four competences collated by Ashurst *et al.,* (2008); planning, delivering, reviewing and exploiting. Benefits management processes must operate alongside project management to deliver shareholder value or social benefits. Benefits management has been identified as a critical project success factor, especially when benefits management processes are embedded in corporate governance (Serra and Kunc, 2015).

RESEARCH METHODOLOGY

The study adopts interpretivist research philosophy since research into the application of project sponsorship activities is difficult to complete quantitatively despite the theoretical frameworks for responsibilities of the sponsor. Therefore, a qualitative research method has been chosen to analyse the activities that sponsors complete in the case study organisation. The case study organisation is a public sector firm formed in the early 2000s with four business areas supported by professional service functions. A qualitative method of research acknowledges the multiple realities that may be observed throughout the process (Quinlan *et al.,* 2014).

Primary data collection is through semi-structured interviews with sponsors in three business areas within the case study organisation; each business area in the organisation has unique projects, challenges and stakeholders. The number of interviewees required before reaching saturation was determined to be 12 following analysis by Guest (2006); however, this has been challenged by other scholars including Francis *et al.,* (2014) who proposed that 14 individuals were required. The interview data was analysed using qualitative content analysis. This is a detailed process, initially involving extensive immersion in the interview data, followed by a process of coding and grouping responses by themes (Fellows and Liu, 2003).

RESULTS AND ANALYSIS

The interview sample consists of 14 sponsors from three different business areas of the organisation. This provides a comparison of how projects and benefits are defined, aligned and realised across the organisation. The interviewees are involved greatly with projects and less responsibility for management; this is to ensure that they are focused on projects and value creation within the business. A profile of the interviewees is presented in Table 3.

Interviewee	Role	Type of project	Years of experience
A	Sponsor	Other	3 - 4
B	Principal Sponsor	Highways	3 - 4
C	Principal Sponsor	Highways	5 - 10
D	Sponsor	Highways	3 - 4
E	Sponsor	Other	3 - 4
F	Sponsor	Highways	3 - 4
G	Principal Sponsor	Stations	20+
H	Principal Sponsor	Railway	3 - 4
I	Principal Sponsor	Stations	3 - 4
J	Principal Sponsor	Stations	20+
K	Sponsor	Railway	3 - 4
L	Principal Sponsor	Railway	5 - 10
M	Principal Sponsor	Railway	3 - 4
N	Sponsor	Other	3 - 4

Table 3: A profile of the interviewees

Understanding the organisational strategy

There were multiple ways identified by sponsors for how projects are aligned with strategy. A key document identified to assist with this task is the business case, which records monetised scheme benefits and the links to strategy. The results show that sponsors take the responsibility of defining scheme benefits seriously by using business-wide metrics and aligned with weighted measurable needs as appropriate for the business and customer's requirements: "I weight some priorities higher than others in line with strategy" (Interviewee I).

However, whilst recognising the importance of aligning benefits with strategic priorities, some interviewees discussed how it is more common to align requirements instead of benefits with strategy. Another interviewee stressed the challenges of working in a political organisation: "It can be difficult to define and align benefits (with strategy) when the Government define scheme requirements" (Interviewee C).

The sponsor has the responsibility of establishing project strategy, however, several sponsors found this task challenging to complete for various reasons: these included third party funding limiting the influence the sponsor can have on the scheme, as well as the highly political nature of the work when negotiating priorities of organisation and the other stakeholders. However, an interviewee working on a third party funded project emphasised how the sponsors had created a 'strap line' which embodies their strategy, demonstrating that even in the intense political environment sponsors can complete this task.

Defining project success criteria

A crucial part of the project definition and alignment process is to establish success criteria. Sponsors completed this using standardised metrics within their business area, like journey time reliability. The study shows that sponsors are accountable for the definition, management and review of success criteria throughout a project's life-cycle; ensuring that the metrics used link to the organisational strategy. The metrics used to define project success were broadly in line with the traditionally defined hard success criteria that form the iron triangle. This was embedded in the business by the requirements management processes and board reviews utilising standardised metrics. However, there is also a focus on more holistic and long-term metrics like value and success factors, using the term 'benefits' to define their project success indicators. Some sponsors admitted only collecting the data required to either update their business case or pass a stage gate review, as required by internal processes. Interviewee 'N' commented that; "Benefits are often bespoke and scheme specific to ensure they are binary, clear and repeatable after a scheme's implementation" (Interviewee N).

The process to collect and define benefits was identified to be the responsibility of the sponsor; but data may be collected by internal or external parties, either as part of business as usual or on an ad-hoc basis.

Aligning project benefits with strategy

Multiple tools are used by the organisation to define and manage benefits and ensure they align with strategies. These include quantitative and qualitative methods such as a business case, project requirements statement and benefits management plan etc. The benefits management plan was identified as the document aligning benefits to strategy best, but also as being "very complex, leading to caring about cost, quality and time on a day to day basis" (Interviewee H). The metrics collected to define and assess project benefits were frequently discussed to be quantitative, standardised and linked to organisational strategy, like success criteria. Interviewees didn't believe there is a standardised process and felt unsupported due to working in a small team as stated by interviewee 'H'; "There is a very unclear process to defining and aligning benefits (in respect to strategy)".

The approach to benefits definition was identified as defined at programme level and not organisation or business wide. One interviewee stated that benefits are "mainly valuable later" (Interviewee M). This comment indicates the process isn't successful in their business area, and if the planning competence is not effectively delivered it will be difficult for the organisation to deliver later competences. The process to select projects which best meet organisational needs when limited funds are available was investigated. Boards often decide how to proceed, and the decision can be driven by political influence as well as by comparing project benefits. Interviewee 'A' referred to a workshop prioritisation process and assessment using criteria defined at programme level. Corporate sponsors identified a Multi-Criteria Assessment framework used to define and assess projects and options. Sponsors agreed that qualitative comparisons lead to better, customer-focused decisions.

The sponsor's role in benefits realisation

Sponsor's role during the initiation project phase is to define clear goals for projects, in some cases using processes like benefits mapping. Sponsors ensure projects realise benefits by maintaining regular communication, defining clear aims and requirements and "ensuring the problem is fully understood prior to identifying solutions" (Interviewee B). There is an important role for sponsors to ensure that benefits are realised throughout the lifecycle of the project; stage gate reviews, project boards and the change control process were identified as critical to review benefits. Interviewee 'J' argued that; "Stakeholders propose changes and the role of the sponsor is to review the change in line with the impact it may have on the benefits of the scheme" (Interviewee J).

One sponsor described his role as an "active team player managing stakeholders and understanding issues" (Interviewee N) thus enabling him to protect scheme benefits. Some sponsors commented that the quick move to new projects after delivery means benefits realisation doesn't get completed fully.

Sponsors proactively take responsibility for monitoring project outcomes during construction and post construction, comparing the results with pre-scheme data on benefit realisation. Moreover, there is an internal benefits support team as part of the Project Management Office to provide guidance, and on some projects "contractor benefit analysis is written into the project contract" (Interviewee M). The timescale after which benefits are realised can vary depending on the nature and the project's relationship with other interlinked and non-linear programme investments. In some cases, data is not available for at least 3 years after project completion, and for large scale projects, 10-year frameworks may be more realistic if wider scheme effects are to be included. The benefits realisation phase also demonstrated a principal agent problem where there is the tendency by sponsors to only report and amplify good/positive news. This is mostly done in order to secure further programme funding for future schemes.

In terms of how information/data is collected during benefits realisation, it was noted that the benefits process contrasts with the lessons learnt process, which is managed using a centrally recorded portal. Some local project reporting tools existed in some parts of the business but did not feed into a central system. The project close-out report was the only compulsory document identified by sponsors to record this information in a qualitative manner, but this doesn't the business to map project completion to organisational objectives. For example, interviewee 'M' commented that; "Data on benefits from most projects is not centrally captured, but likely to be saved on local team shared drives".

Again, the business tends to focus mainly on the delivery of outputs and not benefits, as noted by interviewee 'G'; "benefits realisation is not championed by senior managers, and therefore it doesn't happen".

DISCUSSIONS

A firm's strategy and the strategy development process define the need for firms to complete projects and change initiatives. The strategy development process of the case study organisation has been identified as prescriptive. Sponsors have a clear understanding of organisational strategy and use multiple tools to align projects with strategies. It has been confirmed that sponsors are involved in defining project success criteria but harder to implement when third party funding is supporting a project. However, corporate sponsors have less responsibility to define success criteria because other project teams set clear objectives. The study shows that business areas in the organisation do have processes to manage project benefits realisation. The sponsor has a role of keeping the strategic capabilities of owners. The benefits management processes have local variations and aren't centralised. Some variations are effective at managing benefits, and some internal project management methodology documentation is best suited to larger projects. To improve benefits management processes, the organisation needs to recognise its value and harmonise processes. The case study organisation has an effective sponsorship function that links the responsibilities to the strategic capabilities of strong owners. The project sponsor's role is to define, manage and deliver project benefits in line with an organisation's strategy. Project sponsors must be empowered and held to account in order to create meaningful value for an organisation.

CONCLUSIONS

Benefits realisation throughout the life-cycle of in-flight projects was also considered and benefits were mainly found to be managed and protected using the change control and gate review processes, which are mandatory across all business areas in the organisation. Other formal documentations and reviews required by internal project management methodology and assurance reviews, led to benefits management tasks being completed. For projects post-completion, the benefits realisation process was managed in different ways depending on business area. Depending on the details available from a project's definition phase, sponsors generally complete benefits realisation, but this depended on time availability. The methods that sponsors use to define and align project benefits were uncovered to include internal project management methodology documentation and the Project Overview Plan for smaller projects. The benefits alignment process varied according to business area but aimed to link to both the organisation's strategy and local business plans.

More success at completing benefits realisation was observed when future programme funding relied upon data from current schemes. Several methods of managing benefits were observed across the business and several were identified; the benefits management culture in the organisation was found to be well embedded, supported by standardised documentation. This is partly believed to be because the sponsors look after fewer larger projects and therefore have more time to follow the processes required. However, to improve the quality of benefits management, a formal benefits realisation for each project should be adopted. Senior management should create a culture that focuses on value creation by ensuring project delivery success criteria observe the wider benefits.

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